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2/23/51
S/P:GHButler:vh

CONFERENCE OF FOREIGN MINISTERS OF THE AMERICAN REPUBLICS, MARCH 26, 1951

Mrs. Heine is keeping a binder of documents relating to preparations for the Conference.

An Advisory Committee has been established under the Chairmanship of Assistant Secretary Miller. The Coordinator is Mr. W. Tapley Bennett, Jr., of ARA. Working groups have been established for: (1) political and military questions, (2) internal security questions, and (3) economic questions.

The approved final agenda for the meeting reads as follows:

> I. Political and military cooperation for the defense of the Americas, and to prevent and repel aggression, in accordance with inter-American agreements and with the Charter of the United Nations and the resolutions of that Organization.
> II. Strengthening of the internal security of the American Republics.
> III. Emergency economic cooperation:
> (a) Production and distribution for defense purposes;
> (b) Production and distribution of products in short supply and utilization of necessary services to meet the requirements of the internal economies of the American republics; and measures to facilitate in so far as possible the carrying out of programs of economic development.

A memorandum regarding basic policy guidance on economic questions has been circulated to the Staff.

The internal security working group has under consideration a draft resolution which was prepared in ARA in the light of group discussion of the subject. The resolution points out that since the threat of Soviet communism is international in scope, the present emergency requires, in addition to strictly internal measures, a high

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a high degree of international cooperation between the American Republics, looking to the eradication of any threat of subversive activities menacing the free and democratic way of life of the American Republics. The recommendations made include (a) the restriction and punishment as crimes within the American Republics of the subversive activities of agents of Soviet communist imperialism, (b) cooperation to prevent abuse and exploitation to their own ends by the agents of Soviet communist imperialism, of freedom of movement across international frontiers, and freedom of communication procedures existing between the Republics of the Hemisphere, (c) the setting up of a technical staff to study and recommend measures to the Council of the Organization of American States by which the dangers of the Soviet communist movement can be counteracted, and (d) an expression of firm determination to preserve, defend and safeguard the basic democratic freedoms and liberties of the American Republics which are now menaced by the threat of Soviet communist imperialism.

The draft military resolution prepared by the working group was discussed at the S/P meeting this morning. A second draft resolution under consideration by the working group resolves that the American Republics will make every effort to settle disputes which threaten friendly relations between them by direct bilateral negotiations, and will promptly submit such disputes as they may be unable to settle by such negotiations to other established procedures for the peaceful settlement of disputes; and declares that the faithful observance by the American Republics of their commitments not to intervene in the internal or external affairs of other states and to settle any disputes among themselves by peaceful means makes it possible for them to concentrate the development of their respective military capabilities on the coordinated action required to prevent and suppress aggression which menaces the Ameri[illegible]

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U.S. ECONOMIC POLICY PAPER FOR MEETING
OF FOREIGN MINISTERS OF AMERICAN REPUBLICS

The following paragraphs summarize the paper which will serve as basic policy guidance on the economic questions to be discussed at the meeting.

This meeting has been called by the United States for two basic reasons: (1) the necessity for enlisting the full collaboration of the Latin American countries in the political, military, and economic fields, to further the common defense of the free world, and (2) because the impact of our national rearmament program upon the Latin American countries is so great as to make such a meeting essential from their standpoint. Latin America has significance as a producer of basic materials needed in the common defense program and as a consumer of the industrial products which the United States and Western European countries export and which will be subject to an increasing degree of economic control.

Negotiations will be difficult because there is a tendency on the part of Latin American governments to link their cooperation in the field of strategic materials to the treatment which will be accorded their civilian economies in connection with export allocations and price control policies.

From the point of view of the United States:

(1) It is necessary to maximize the total contribution of Latin American production, including basic materials

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materials and essential manufactured goods, to meet the needs of the common defense program and the essential civilian requirements of the free world.

(2) Maximum cooperation from Latin American countries is needed to increase the production of strategic materials and to expand their flow into defense programs.

(3) Latin American cooperation is necessary in international allocations of basic materials in short supply, and there should be acceptance of the principles that highest priority will be given to defense requirements in allocating scarce items, which will require all countries to limit or reduce their civilian consumption of products in short supply.

(4) Serious inflation in the free world must be prevented; and prices for imports and exports must be maintained in relation to domestic prices so as to support domestic stabilization programs and promote the flow of international trade at desirable levels.

(5) Latin American cooperation is needed in mutual economic defense measures, including the denial of economic resources to the Soviet bloc.

From the Latin American point of view:

(1) Cooperation in the field of strategic materials will be used as a bargaining weapon for obtaining special treatment in regard to allocations and price policies, and for obtaining assurances or guarantees as to post emergency markets.

(2) It is necessary to obtain maximum possible deliveries from the United States and, in particular, to insist on continuation of economic development programs.

(3) An effort

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(3) An effort will be made to obtain high prices for their exports to us and low prices for our exports to them.

The United States should endeavor to secure the adoption by the Conference of a joint declaration in which each government would recognize the defense program as essential to the common security and would agree to make its full contribution to the joint mobilization of economic resources and to the adoption of measures of economic defense. The declaration should be drawn in terms which will closely relate economic cooperation with our over-all political and military objectives.

The United States should support the adoption by the Conference of the following principles related to increased production:

(1) Governments of exporting countries should facilitate in every practicable way, including the adoption of appropriate internal measures, the expansion of production of basic materials needed for defense programs and for essential civilian requirements.

(2) Governments should be prepared to provide special financial assistance on reasonable terms where such assistance is necessary to increase emergency output of basic materials in short supply which are needed in the common defense effort.

(3) Governments of importing countries should be prepared, if necessary, to undertake medium or long-term commitments for the purchase of basic materials in short

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short supply, at reasonable prices and consistent with any broad international allocation agreements, where it may be necessary to do so in order to induce producers to undertake an emergency expansion of output.

(4) There should be a reaffirmation of the need to increase food production, develop improved techniques with regard to the use of manpower, and to improve basic economic conditions affecting productivity, as in general envisaged in the technical cooperation program.

The United States should seek the adoption by the Conference of the following principles relating to allocations and priorities:

(1) Where products entering into international trade are subject to allocations or priorities affecting their domestic consumption and export, highest priority must be given to the utilization of such products for military production in the common defense, including the maintenance of adequate strategic stockpiles. This will mean that the total demand for civilian consumption goods cannot be met.

(2) With respect to civilian consumption, minimum requirements essential to the operation of civilian economies must be met on the principal of relative equality of sacrifice among countries.

(3) Where necessary to prevent the arbitrary reduction or stoppage of exports, the establishment of exports quotas should be supplemented by measures of assistance such as priority ratings in order to assure that export quotas for essential foreign requirements will be met.

(4) There

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(4) There should be cooperation through international arrangements looking toward the allocations of basic commodities in order to assure their most effective distribution and utilization.

(5) As concerns development programs, special project licenses bearing the highest priority should be granted for materials and equipment required to maintain or increase the production of basic materials essential to the defense program. Other economic development programs should be permitted to proceed to the extent that materials and equipment can be made available without cutting down on other more essential requirements. Special consideration should be given to projects to facilitate the production and transportation of foodstuffs and strategic materials, and to economically sound projects which would reduce in war-time the demand on international shipping and on U.S. domestic production.

The United States should support the following principles regarding price controls:

(1) Governments should pledge themselves to adopt appropriate internal measures and controls to prevent serious inflation which would endanger the defense program and basic economic stability and would be detrimental to mutual economic relations.

(2) ~~Substance~~ System of price control should apply both to the prices of raw materials and the prices of manufactured goods. If price controls are imposed on imported products they should also be imposed on exported products.

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Price policies should be such as to maintain an equitable relationship between prices of imported and like domestic commodities.

(3) Each government should recognize the reciprocal benefits deriving from the imposition of price controls and should be prepared to cooperate with those other governments which imposed price controls on imports or exports with a view to the adoption of corollary measures designed to make such controls more effective.

As concerns inter-governmental consultation, the United States should support adoption by the Conference of a resolution providing for inter-governmental consultation on emergency controls. This resolution should be drawn so as to avoid the implication that prior consultation is required before emergency controls are placed in effect.

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MARCH 23, 1951

CONFIDENTIAL: The following text of the President's address opening the Fourth Consultative Meeting of the Foreign Ministers of the American Republics, at Constitution Hall in Washington, is for automatic release at 4:05 p.m., Eastern Standard Time, Monday, March 26, 1951. No portion, synopsis, or intimation of its contents may be published, or broadcast before that time.

EXTREME CARE MUST BE EXERCISED TO PREVENT PREMATURE DISCLOSURE.

JOSEPH SHORT
Secretary to the President

It is an honor to open this meeting of the Ministers of Foreign Affairs of the American Republics. I am happy to extend to you a whole-hearted welcome to our country and to our capital city. On behalf of the United States, I hope that this will be a most satisfactory and successful meeting.

This is the fourth meeting of the Ministers of Foreign Affairs of the American Republics. This meeting, like the earlier ones, is held at a time of international danger. When the first meeting was held, in 1939, war had just broken out in Europe. As that conflict spread to nation after nation, and threatened to extend to all parts of the world, the Foreign Ministers of the American Republics held two more meetings in 1940 and in 1942 to plan a common course of action against the common danger.

As a result of our concerted efforts, our countries did not become a theater of war. The nations of this hemisphere succeeded in protecting the American continents from invasion. And, as a result of our common efforts, the people of the Americas were able to contribute power and resources which turned the tide against aggression and brought victory to the forces of freedom.

Today, we meet again to consider our common defense. We meet again to work out ways and means by which our united strength may be employed in the struggle for freedom throughout the world.

The American republics all owe their national beginnings to the same set of ideals -- the same concepts of human and international freedom. We have all followed and we will continue to follow two basic principles. Frist, we believe that international affairs should be based upon cooperation among free and independent nations, and not upon coercion or force. Second, we believe that the aim and purpose of government is to promote the welfare of all the people -- not just the privileged few.

These principles have long been the basis of relations among the American republics. The same principles are now embodied in the Charter of the United Nations, where they have become the foundation of a new society of nations. The statesmen of the American republics have shown their continuing devotion to these principles by the great and constructive work they have done in creating and strengthening the United Nations.

Today, these principles are under relentless attack from a center of power which denies the whole concept of human freedom -- whether it be spiritual freedom, or economic freedom, or political freedom.

Communist imperialism attacks and undermines national independence and international cooperation. In their place, it substitutes the rule of force. Communist imperialism also seeks to destroy the system of government that serves the welfare of the people. Instead, it sets up a system under which the people exist only to

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serve the purposes of the government. As a result, the Soviet system is one of unbridled power, imposing slavery at home and aggression abroad.

The aggressive expansion of Soviet power threatens the whole world. In Europe we see it trying to engulf the nations from which we have drawn our cultural heritage. If Soviet subversion and Soviet armed force were to overthrow these nations, the consequences for all of us in the Western Hemisphere would be disastrous. We would lose those cultural and religious ties which mean so much to us. The international trade on which we are so dependent would be violently disrupted. Worst of all, we would be confronted by a hostile power on the shores of the Atlantic, capable of using the great economic resources of our conquered friends to strike across the ocean at our own independence.

We must not and will not let that happen. We in the Western Hemisphere must help the free men of Europe who are resisting Soviet expansion.

In the Far East, communist imperialism presents us with another threat. There we see many new nations emerging, as our own countries once did, from colonial status to full independence. For these new nations, we of the Western Hemisphere have the greatest feeling of fellowship. But communist imperialism has fallen upon these new nations with its weapons of internal subversion and external attack. It seeks to overpower them before they are strong enough to stand alone.

If Soviet communism were to be successful in this venture, it would be a terrible blow to the bright promise of the principles of freedom and peace which we uphold. The great manpower of Asia would become one of the instruments of the aggressive expansion of the Soviet system toward our own hemisphere.

Both to the East, therefore, and to the West, we are confronted by great perils. Our future progress, our very survival, lie in the defense of the world order of free nations of which we are a part. Our very existence depends upon the success of those principles which our countries stand for, and which we have supported in the United Nations. There is no safety for any of us in abandoning these principles. There will be no security in the world without the United Nations. Powerful and productive as the Western Hemisphere is, we cannot make it safe by building a wall around it.

Instead of withdrawing into our hemisphere in a hopeless attempt to find security through retreat, we must concert our defenses and combine our strength in order to support men in Europe and Asia who are battling for freedom. That is the only course that can lead to security or peace or freedom for us or for men anywhere in the world.

Recognition of this fact lies behind the aid the United States has given to the rebuilding of Europe. It lies behind the struggle the free nations are now waging in the hills of Korea. The resistance of the United Nations to aggression in Korea - a resistance that has the firm approval of all the nations represented here - is of momentous importance. It has shown that the free nations are determined to defend their ideals of national independence and human welfare.

The issue in Korea is the survival of the principles on which we have built our countries. The principle of national independence and self-government is at stake there, as well as the principle that government shall be for the welfare of the people. If justice and order do not prevail in Korea, they will be in danger everywhere.

Heroic sacrifices are being made in Korea to check the forces of aggression and protect us against the terrible destruction and vastly greater sacrifices of a world conflict. By standing firm in Korea and

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President Truman's Address, opening the Fourth Consultative Meeting of the Foreign Ministers of the American Republics, at Constitution Hall in Washington, March 26, 1951.

Extemporaneous Remarks:

Add to page 3, final paragraph, after the words "new and fertile farm land", -

I like to think of a project about which I talked to the President of Chile, which contemplates the diversion of water from those high mountain lakes between Bolivia and Peru for making a garden on the coast of South America to the west for Chile and Peru, and in return, giving Bolivia a seaport on the Pacific. (Applause).

I had a very pleasant conversation with the President of Chile on that subject, and I like to think of the development of the Parana, Paraguay and Uruguay rivers. Think what wonderful possibilities are in those great waterways for development, and those are only samples, for all over the continent of South America there are greater resources undeveloped than were ever in these United States of America. And I know that we can develop them for the welfare of the whole world, as well as for ourselves.

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preparing to meet aggression elsewhere we are doing our best to prevent a third world war.

This meeting in Washington, therefore, must consider not only what should be done to improve the defense of this hemisphere, but also what measures we can best undertake to support and strengthen the United Nations in its effort to establish world peace.

We meet here as a region which has already, in the solemn treaty of Rio de Janeiro, announced its intention to defend itself through cooperative action. We are pledged to resist the common foe.

We must now plan as a primary task for the strengthening and the coordinated use of our defense forces in this hemisphere. We must also consider how we may best use our strength to support the cause of freedom against aggression throughout the world.

The success of our defense program depends upon our economic strength. In these troubled times, defense production must have prior claim upon our economic resources. We shall have to increase the production of strategic materials. We shall have to divert manufacturing capacity to defense purposes.

These necessities will create many difficult practical problems for our countries to solve. There will be shortages of basic materials and other commodities. There will be limitations on certain kinds of capital expansion.

The first step in solving these problems is to face them in a spirit of cooperation. We must recognize that we are engaged, as good neighbors, in a common enterprise that is vital to our survival as free and democratic nations. We must establish the principle of sharing our burdens fairly. We must act together to meet essential civilian needs, and at the same time we must act together to be sure that scarce supplies are limited to essential uses. We must try to prevent wild and speculative price movements in our international trade, whether in raw materials or manufactured products.

Our defense needs are not, of course, limited to the things that go into the making of weapons. We need to build up our economic strength in a much broader way. It is essential to our security that we constantly enlarge our economic capacity. Our defense needs include, in many areas, more food, better education, and better health services. They include, in certain cases, the building of roads, dams or power plants.

We must remember that the real strength of the free nations lies in the will and determination of their peoples. The free nations stand for economic progress and social advancement. They grow in strength by going forward along the road of greater economic opportunity for all.

Over the last ten years our countries have made great economic progress. In most of the countries represented here, national income is at least twice what it was in 1939.

An important factor in our advance is the program of technical cooperation which we have joined together to carry out. Joint projects for spreading technical knowledge have already made notable achievements in improving the health, education and living standards of our people. We intend to press on with this kind of activity.

The American republics are full of breath-taking possibilities for future economic development. These possibilities can be made realities only if we work and plan together for a long time ahead. I like to think, for example, of the possibility of developing vast areas of wilderness, such as the eastern slopes of the Andes, and turning them into new and fertile farm lands. I like to think of the possibilities of industrial development in [illegible] countries.

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I remember with pride the part which this country played, even during the troubled times of the last war, in helping to create a steel industry in Brazil. I think with satisfaction of the progress that has been made by Chile and other countries in setting up factories and hydro-electric projects in recent years.

Our countries do not have unlimited resources to devote to creative developments such as these. We cannot do as much, in the midst of a defense emergency, as we could in normal times. But we must do all we can.

It is the genius of our democratic type of society that we are constantly creative and constantly advancing. We hold out to all people the prospect of bettering their condition, not in the dim future, not after some terrible and bloody upheaval, but steadily through the years, in the simple activities of their daily life.

In our countries, we do not measure our prosperity by the power of the state. We do not measure the progress of our society in terms of military might. We do not measure our advancement in terms of the profits or the luxuries of the few. Our yardstick is the welfare of the many. We think in terms of the average man -- how he lives, what he can buy, and the freedom he enjoys. These are the standards by which we measure our development.

And, by these standards, we are marching steadily forward. We shall continue that march!

Our vision of progress is not limited to our own countries. We extend it to all the peoples of the world.

We know that people are very much alike in their basic aspirations wherever they may be or whatever language they may speak. We recognize that the people of Russia, the people of the Soviet satellite states, are very much like us in what they want for themselves and their children. We hope that some day they will find it possible to turn their leaders from their present path of tyranny and aggression.

Our goal is self-development, not imperialism.

Our goal is peace, not war.

Our goal, not only for ourselves but for all peoples, is a better world -- materially, morally and spiritually.

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